SECRET Pet. to Libya

Classification

EXCISE 169579

Department of State

TELEGRAM

381

14 Oct 70 22 30 z

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DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY ___ DATE 81
PORTIONS DENIED AS INDICATED

169579

SUBJ: Middle East Oil

REF: State 159023

LIMDIS

1. [redacted] called on Assistant Secretary Trezise October 13 to discuss effect of Libyan oil settlements on upcoming negotiations with major Middle East oil producing countries.

2. [redacted] said with ill-concealed hostility that it was really the fault of the US government that oil companies had felt forced to give in to Libyans. He said Europeans would have gone along with a hard line by the oil

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	APPROVED BY:
E:ORF:FSE:WClark:wz	10/14/70	20681	E - Philip H. Trezise

CLEARANCES:

E/FSE - Mr. Akins

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companies with Libya, even at the cost of a shutdown in Libyan production and draw down of European stocks to low levels, if only the US government had been willing to explain to the Europeans that all this was really in their best interests. He said [redacted] understood these matters and had been willing to back the oil companies with the Europeans. Making such explanations to the Europeans was of course the job of the USG [redacted]

3. [redacted] said oil companies will now ~~fx~~ be forced to increase tax and royalty payments in the Persian Gulf, which will make North African oil even more valuable to Europe in ~~xxxxxxxxx~~ comparison with Persian Gulf oil, and this will set off another round of ~~xxx~~ Libyan demands for more taxes. The spiral could be endless he ~~xxxxx~~ said.

4. [redacted] said to minimize problems in the future we should make arrangements to discuss oil developments [redacted]

5. Trezise responded he strongly disagreed with [redacted] analysis of the Libyan negotiations; [redacted]

B1, E.O. 12356

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[redacted] and that we could have had little influence over Europeans had they decided to put pressure on oil companies or to act directly with oil producing countries to safeguard security of their own vital oil supplies. However, Trezise said we would be glad to meet [redacted] to discuss matters further. B1

6. No date for such a meeting was mentioned.

END.

ROGERS

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